

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CITY OF WESTLAND POLICE AND FIRE) No. C 07-05111-CW
RETIREMENT SYSTEM and PLYMOUTH)
COUNTY RETIREMENT SYSTEM, On) CLASS ACTION
Behalf of Themselves and All Others Similarly)
Situated,) ORDER PRELIMINARILY APPROVING
Plaintiffs,) SETTLEMENT AND PROVIDING FOR
vs.) NOTICE
SONIC SOLUTIONS, et al.,)
Defendants.)

1 WHEREAS, a class action is pending before the Court entitled *City of Westland Police and*
2 *Fire Retirement System and Plymouth County Retirement System v. Sonic Solutions*, No. C 07-
3 05111-CW (the “Litigation”);

4 WHEREAS, the Court has received the Stipulation of Settlement dated as of October 12,
5 2009 (the “Stipulation”), that has been entered into by the Lead Plaintiffs and Defendants, and the
6 Court has reviewed the Stipulation and its attached Exhibits;

7 WHEREAS, the parties having made application, pursuant to Federal Rule of Civil
8 Procedure 23(e), for an order preliminarily approving the Settlement of this Litigation, in accordance
9 with the Stipulation which, together with the Exhibits annexed thereto, sets forth the terms and
10 conditions for a proposed Settlement of the Litigation and for dismissal of the Litigation with
11 prejudice upon the terms and conditions set forth therein; and the Court having read and considered
12 the Stipulation and the Exhibits annexed thereto; and

13 WHEREAS, all defined terms contained herein shall have the same meanings as set forth in
14 the Stipulation;

15 NOW, THEREFORE, IT IS HEREBY ORDERED:

16 1. The Court does hereby preliminarily approve the Stipulation and the Settlement set
17 forth therein, subject to further consideration at the Final Approval Hearing described below.

18 2. A hearing (the “Final Approval Hearing”) shall be held before this Court on **April 22,**
19 **2010**, at 2:00 p.m., at the United States Courthouse, 1301 Clay Street, Oakland California, to
20 determine whether the proposed Settlement of the Litigation on the terms and conditions provided
21 for in the Stipulation is fair, reasonable and adequate to the Settlement Class and should be approved
22 by the Court; whether a Judgment as provided in ¶1.13 of the Stipulation should be entered herein;
23 whether the proposed Plan of Allocation should be approved; and to determine the amount of fees
24 and expenses that should be awarded to Lead Counsel. The Court may adjourn the Final Approval
25 Hearing without further notice to Members of the Settlement Class.
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1 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court preliminarily
2 certifies, for purposes of effectuating this Settlement, a Settlement Class of all Persons who
3 purchased or otherwise acquired Sonic publicly traded securities during the period from and
4 including October 23, 2002 and May 17, 2007. Excluded from the Settlement Class are Defendants,
5 any entity in which any Defendant has or had a controlling interest or that is a parent or subsidiary or
6 is controlled by any Defendant, Defendants' officers and directors, including any person who was an
7 officer or director during the Settlement Class Period, Defendants' affiliates, legal representatives,
8 heirs, predecessors, successors or assigns, and members of Defendants' immediate families. Also
9 excluded from the Settlement Class are those Persons who timely and validly request exclusion from
10 the Settlement Class pursuant to the Notice of Pendency and Proposed Settlement of Class Action.
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12 4. With respect to the Settlement Class, this Court preliminarily finds for purposes of
13 effectuating this Settlement that (a) the Members of the Settlement Class are so numerous that
14 joinder of all Settlement Class Members in the class action is impracticable; (b) there are questions
15 of law and fact common to the Settlement Class which predominate over any individual questions;
16 (c) the claims of the Lead Plaintiffs are typical of the claims of the Settlement Class; (d) the Lead
17 Plaintiffs and Lead Counsel have fairly and adequately represented and protected the interests of all
18 of the Settlement Class Members; and (e) a class action is superior to other available methods for the
19 fair and efficient adjudication of the controversy, considering: (i) the interests of the Members of the
20 Settlement Class in individually controlling the prosecution of the separate actions; (ii) the extent
21 and nature of any litigation concerning the controversy already commenced by Members of the
22 Settlement Class; (iii) the desirability or undesirability of continuing the litigation of these claims in
23 this particular forum; and (iv) the difficulties likely to be encountered in the management of the class
24 action.
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1 5. The Court approves, as to form and content, the Notice of Pendency and Proposed
 2 Settlement of Class Action (the “Notice”), the Proof of Claim and Release form (the “Proof of
 3 Claim”), and Summary Notice (“Summary Notice”) annexed as Exhibits A-1, A-2 and A-3 hereto,
 4 and finds that the mailing and distribution of the Notice and publishing of the Summary Notice
 5 substantially in the manner and form set forth in ¶¶6-7 of this Order meet the requirements of
 6 Federal Rule of Civil Procedure 23 and due process, and is the best notice practicable under the
 7 circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.
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9 6. Pursuant to Rule 53(c) of the Federal Rules of Civil Procedure, the Court appoints
 10 Gilardi & Co. LLC (“Claims Administrator”) to supervise and administer the notice procedure as
 11 well as the processing of claims as more fully set forth below:

12 (a) Not later than December 22, 2009 (the “Notice Date”), Lead Counsel shall
 13 cause a copy of the Notice and the Proof of Claim, substantially in the forms annexed as Exhibits A-
 14 1 and A-2 hereto, to be mailed by first class mail to all Settlement Class Members who can be
 15 identified with reasonable effort;

16 (b) Not later than December 23, 2009 Lead Counsel shall cause the Summary
 17 Notice to be published once in *Investor’s Business Daily*;

18 (c) Not later than December 23, 2009 Lead Counsel shall cause the Stipulation
 19 and its Exhibits to be posted on the following website: www.gilardi.com; and

20 (d) On or before January 21, 2010 Lead Counsel shall cause to be served on
 21 Defendants’ counsel and filed with the Court proof, by affidavit or declaration, of such mailing and
 22 publishing.

23 7. Nominees who purchased or otherwise acquired Sonic publicly traded securities
 24 between October 23, 2002 and May 17, 2007; inclusive, shall send the Notice and the Proof of Claim
 25 to all beneficial owners of such Sonic securities within ten (10) days after receipt thereof, or send a
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1 list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10)
2 days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice and
3 the Proof of Claim to such beneficial owners. Lead Counsel shall, if requested, reimburse banks,
4 brokerage houses or other nominees solely for their reasonable out-of-pocket expenses incurred in
5 providing notice to beneficial owners who are Settlement Class Members out of the Settlement Fund,
6 which expenses would not have been incurred except for the sending of such notice, subject to
7 further order of this Court with respect to any dispute concerning such compensation.
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9 8. All Members of the Settlement Class shall be bound by all determinations and
10 judgments in the Litigation concerning the Settlement, whether favorable or unfavorable to the
11 Settlement Class.

12 9. Settlement Class Members who wish to participate in the Settlement shall complete
13 and submit Proof of Claim forms in accordance with the instructions contained therein. Unless the
14 Court orders otherwise, all Proof of Claim forms must be postmarked no later than ninety (90) days
15 from the Notice Date. Any Settlement Class Member who does not timely submit a Proof of Claim
16 within the time provided for shall be barred from sharing in the distribution of the proceeds of the
17 Net Settlement Fund, unless otherwise ordered by the Court or allowed by the Stipulation.
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19 10. Any Person who desires to request exclusion from the Settlement Class shall do so
20 within the time set forth and in the manner described in the Notice. All Persons who submit valid
21 and timely requests for exclusion in the manner set forth in the Notice shall have no rights under the
22 Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by
23 the Stipulation or the Judgment entered in the Litigation.
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25 11. Any Member of the Settlement Class may enter an appearance in the Litigation, at
26 their own expense, individually or through counsel of their own choice. If they do not enter an
27 appearance, they will be represented by Lead Counsel.
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1 12. Any Settlement Class Member may appear and show cause, if he, she or it has any
2 reason, why the proposed Settlement of the Litigation should or should not be approved as fair,
3 reasonable and adequate, why a judgment should or should not be entered thereon, why the Plan of
4 Allocation should or should not be approved, or why attorneys' fees and expenses should or should
5 not be awarded to Lead Counsel; provided, however, that no Settlement Class Member or any other
6 Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed
7 Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the order
8 approving the Plan of Allocation, or the attorneys' fees and expenses to be awarded to Lead Counsel,
9 unless that Person has filed said objections, papers and briefs with the Clerk of the United States
10 District Court for the Northern District of California, on or before February 4, 2010 and delivered
11 copies of any such papers to Coughlin Stoia Geller Rudman & Robbins LLP, Joy Ann Bull, 655 W.
12 Broadway, Suite 1900, San Diego, CA 92101 and to Sidley Austin LLP, Carol Lynn Thompson, 555
13 California Street, San Francisco, CA 94104, such that they are received on or before the same date.
14 Any Settlement Class Member who does not make his, her or its objection in the manner provided
15 shall be deemed to have waived such objection and shall forever be foreclosed from making any
16 objection to the fairness or adequacy of the proposed Settlement as set forth in the Stipulation, to the
17 Plan of Allocation, or to the award of attorneys' fees and expenses to Lead Counsel, unless
18 otherwise ordered by the Court.
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20 13. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia
21 legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such
22 funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.
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24 14. All papers in support of the Settlement, the Plan of Allocation, and the application for
25 attorneys' fees or expenses shall be filed and served on or before January 21, 2010. Any reply
26 papers shall be filed and served on or before February 11, 2010.
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1 15. Neither the Defendants nor their Related Parties shall have any responsibility for or
2 liability with respect to the Plan of Allocation or any application for attorneys' fees or expenses
3 submitted by Lead Counsel, and such matters will be considered separately from the fairness,
4 reasonableness and adequacy of the Settlement.

5 16. At or after the Final Approval Hearing, the Court shall determine whether the Plan of
6 Allocation proposed by Lead Counsel, and any application for attorneys' fees or expenses shall be
7 approved.

9 17. All reasonable expenses incurred in identifying and notifying Settlement Class
10 Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation.
11 In the event the Settlement is not approved by the Court, or otherwise fails to become effective,
12 neither the Lead Plaintiffs nor Lead Counsel shall have any obligation to repay any amounts actually
13 and properly disbursed from the Settlement Fund, as provided in the Stipulation.

15 18. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations
16 or proceedings connected with it, shall be construed as an admission or concession by Defendants of
17 the truth of any of the allegations in the Litigation, or of any liability, fault, or wrongdoing of any
18 kind and shall not be construed as, or deemed to be evidence of or an admission or concession that
19 Lead Plaintiffs or any Settlement Class Members have suffered any damages, harm, or loss.

21 19. In the event that the Settlement does not become effective in accordance with the
22 terms of the Stipulation or the Effective Date does not occur, or in the event that the Settlement
23 Fund, or any portion thereof, is returned to the Defendants, then this Order shall be rendered null and
24 void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in
25 such event, all orders entered and releases delivered in connection herewith shall be null and void to
26 the extent provided by and in accordance with the Stipulation.

1 20. The Court reserves the right to adjourn the date of the Final Approval Hearing
2 without further notice to the Members of the Settlement Class, and retains jurisdiction to consider all
3 further applications arising out of or connected with the proposed Settlement. The Court may
4 approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if
5 appropriate, without further notice to the Settlement Class.
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7 12/2/09

8 DATED: _____



9 THE HONORABLE CLAUDIA WILKEN
10 UNITED STATES DISTRICT JUDGE

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